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## FISCAL IMPACT REPORT

SPONSOR: Romero DATE TYPED: 2/25/03 HB \_\_\_\_\_  
 SHORT TITLE: Local Government Investments SB 750  
 ANALYST: Neel

### REVENUE

| Estimated Revenue |      | Subsequent<br>Years Impact | Recurring<br>or Non-Rec | Fund<br>Affected |
|-------------------|------|----------------------------|-------------------------|------------------|
| FY03              | FY04 |                            |                         |                  |
|                   |      |                            |                         |                  |

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to:

- SB 41 Local Government Investments
- HB 118 Local Government Investments
- HB 306 Investments by County & Municipal Treasurers

### SOURCES OF INFORMATION

LFC files

Responses Received From

Attorney General Office (AG)

### SUMMARY

#### Synopsis of Bill

Senate Bill 750 amends NMSA 1978, Section 6-10-10 to allow county and municipal treasurers to invest in bonds, notes, or other obligations of the federal government and its instrumentalities and bonds, notes, or other obligations guaranteed, as the principal and interest, by the federal government, its instrumentalities, and its programs.

Significant Issues

This would allow county and municipal governments to invest in backed securities such as Freddie Mac, Fannie Mae and Federal Home Loan Board securities that have better yields than securities guaranteed by the federal government. Although US sponsored investments are slightly less secure than US guaranteed investments, this change would allow more flexibility when investing.

Local governments can already access these investment vehicles through the State Treasurer's local investment pool.

**FISCAL IMPLICATIONS**

No fiscal impact is noted. However, there will be a positive impact on local revenues if local entities shift their portfolio toward higher yielding investments.

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